

The bell for Round Two of the fight between President Obama and Rep. Paul Ryan (R-Wis.) is about to ring.

Ryan, chairman of the House Budget Committee, was bloodied in the first round after his proposal to revamp Medicare became a campaign poster for Democrats.

Obama, who skirted major proposals to reform Medicare and Social Security in his own budget last year, invited Ryan to a speech and then ripped him from the stage, saying the proposal would “end Medicare as we know it.”

Ryan’s plan soon became a campaign theme that Democrats credited with handing them a special election victory in upstate New York.

One year later, Ryan is showing he can adjust after taking a punch, which would be a good thing, as the president is going to present his fiscal 2013 budget next Monday.

The Wisconsin Republican has partnered with Democratic Sen. Ron Wyden (Ore.) on a new proposal that could inoculate Republicans from last year’s political hits.

Instead of replacing Medicare with a program offering seniors subsidies to buy private health insurance, his new proposal preserves traditional Medicare as a choice.

Ryan isn’t saying whether the proposal will definitely be a part of his new budget, but in an interview with The Hill he suggested it, saying it might be the best way after the election to foster a bipartisan compromise to revamp Medicare.

“The whole point is not that we are going to pass a law in 2012,” Ryan said. “Ron and I wanted to try to plant the seeds for a bipartisan solution.”

Ryan is also approaching this year's budget battle with a different mindset.

He saw last year's budget as an opening bid for a grand bargain with the White House, which Obama and Speaker John Boehner (R-Ohio) flirted with during summer talks on raising the debt ceiling.

This time, in an election year where the House, Senate and White House could change hands in November, Ryan has no illusions about striking a deal.

Instead, Ryan expects his budget proposal to be a "clarifying moment" in the 2012 presidential campaign that will highlight the different visions for the country between the GOP and Obama.

"This will present the choice of two futures," he said of his upcoming budget. "The president's path is putting us on a course for a debt crisis."

The Ryan-Wyden approach on Medicare closely resembles GOP presidential front-runner Mitt Romney's proposal. Including it in the House budget would align congressional Republicans with their likely standard-bearer in 2012.

The move would also give politically vulnerable GOP members more cover going into the elections. House Democrats, aware of the change in the political dynamic, have privately grumbled over Wyden's decision to partner with Ryan.

Ryan's political profile was raised during last year's budget battles with Obama. At 42, he is a youthful chairman who has long been seen as a rising star in the Republican Party. He is on the short-list of possible vice presidential candidates.

Ryan decided against running for an open Senate seat in Wisconsin in favor of remaining in the

lower chamber, where for years he has focused on the need to rein in the nation's budget, and particularly its entitlement programs.

The first test for Ryan in winning the second round with Obama is to rally the fractious Republican conference.

On the one hand, some centrists would just like to skip a Medicare debate in an election year.

"I would hope that it's a thoughtful budget that focuses on the numbers for the next fiscal year rather than being some 'roadmap' for the next 10 years that invites criticism," said centrist Rep. Steve LaTourette (R-Ohio).

One step he has already decided upon is to exclude \$500 billion in defense cuts that were mandated by last summer's debt-ceiling deal. Those reductions are deeply unpopular with his GOP colleagues, and Ryan said his budget will offer a different way forward.

"Using the sequester is a meat-ax approach," a Ryan aide said. "Cuts to defense have to be made based on an assessment of threats. I think replacing the sequester is where our conference is on this."

It's a bit of a risk, as it could make the GOP look as if it is reneging on the August debt deal.

Some Republicans, such as **Reps. John Campbell (Calif.)** and LaTourette, said they are fine with leaving the cuts in place. Senate Majority Leader Harry Reid (D-Nev.) already has warned that removing the defense cuts would be going back on a deal that the Republicans voted for last year.

Indeed, one worried Republican lawmaker who requested anonymity said it would look as if the GOP were changing the rules of a game they helped draw up.

But keeping the defense cuts would likely be an even bigger problem for Ryan. Rep. Tom Cole (R-Okla.) said he's prepared to offer an amendment to restore the Pentagon funding if the cuts are included in the Ryan budget, and it is vitally important that Republicans have unity behind their budget. Not one Democrat backed the Ryan measure last year, and four Republicans defected.

Passing the non-binding budget measure is a must for House Republicans, who have ripped Senate Democrats for not passing a budget resolution in more than 1,000 days. Senate Majority Leader Reid on Friday said such a budget measure will not be passed this year, pointing to the spending levels that were agreed to in last year's debt-ceiling deal.

Ryan's choice on Medicare is a thorny one. Republicans rallied around his proposals last year, and saw their chairman's willingness to take on tough issues as a favorable contrast with Obama. Some in the conference don't wish to be seen as retreating from the plan.

Still, even staunchly conservative Rep. Scott Garrett (R-N.J.) said there could be a benefit to a bipartisan approach.

"I think that in the realities of where the Congress is, that may be appropriate," Garrett said of including Ryan-Wyden in the budget.

"We need to identify bipartisan solutions wherever possible," added Rep. Todd Young (R-Ind.).

Obama and Democrats have shown they are ready for Round Two as well, as the White House has already attacked the Ryan-Wyden proposal as one that would cause Medicare to "wither on the vine."

Ryan in the coming days will rally his colleagues to take on the White House again, and to make politically challenging decisions.

“Every choice is difficult,” he said. “Every one carries political risk.”